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## H.R. 1026, the Taxpayer Knowledge of IRS Investigations Act

### FLOOR SITUATION

On Wednesday, April 15, 2015, the House will consider [H.R. 1026](#), *the Taxpayer Knowledge of IRS Investigations Act*, under suspension of the rules. The bill was introduced on February 24, 2015 by Rep. Mike Kelly (R-PA) and was referred to the Committee on Ways and Means, which ordered the bill reported, as amended, by voice vote on March 25, 2015.

### SUMMARY

H.R. 1026 amends Section 6103(e) of the Internal Revenue Code of 1986 to permit the release of certain information regarding the status of ongoing investigations related to the improper disclosure of taxpayer information by IRS employees. Specifically, the bill permits the Secretary of the Treasury to disclose to the complainant, or such person's designee, whether an investigation based on an allegation of potential violations by IRS employees has been initiated, is open, or is closed. The bill also allows the Secretary to disclose whether an investigation substantiated a violation, and if so, whether action has been taken with respect an individual who committed a violation, including whether any referral has been made for prosecution. The bill, as amended, applies to disclosures made on or after the date of enactment of the Act.

### BACKGROUND

The Internal Revenue Code (IRC) generally prohibits the disclosure of tax returns and return information unless specifically authorized. Return information includes data received, collected, or prepared by the Secretary with respect to the determination of the existence or possible existence of liability of any person under the Code for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. Therefore, the Secretary generally may not disclose the status of an investigation about the potential unauthorized disclosure of such information to a person alleging a violation of their privacy or other offense under the IRC committed by a third party.<sup>1</sup> Section 6103(e) of the IRC details permissible disclosures and exceptions to this general rule of confidentiality, including for disclosures to specified persons with a "material interest" in the return or return information.<sup>2</sup> H.R. 1026 amends Section 6103(e) to allow the Secretary to provide information about investigations regarding potential

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<sup>1</sup> Joint Committee on Taxation, "[Description of H.R. 1026, the Taxpayer Knowledge of IRS Investigations Act](#)," March 24, 2015 at 2.

<sup>2</sup> See [26 U.S.C. 6103\(e\)](#)

violations of IRC provisions that prohibit and provide criminal penalties for the unauthorized inspection or disclosure of tax information to the individual alleging such violation, or his or her designee.<sup>3</sup> Doing so would “stop the IRS’s misuse of a provision designed to protect taxpayers to instead protect government employees who improperly look at or reveal taxpayer information.”<sup>4</sup>

## **COST**

[CBO estimates](#) that implementing the bill would have an insignificant cost.

## **STAFF CONTACT**

For questions or further information, contact the House Republican Policy Committee at 6-5539.

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<sup>3</sup> Joint Committee on Taxation, [Description of H.R. 1026, the Taxpayer Knowledge of IRS Investigations Act](#) (JCX-57-15), March 24, 2015 at 4.

<sup>4</sup> Press Release—“[Ways and Means Committee Approves Kelly Bill to Prevent IRS Leaks of Private Citizens’ Information](#),” March 25, 2015.